

**Statement of
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before the
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Committee on Homeland Security
Subcommittee on Transportation Security
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Chairman Katko, Ranking Member Rice and members of the Subcommittee, I am pleased to appear before you today to discuss the Transportation Security Administration (TSA) Screening Partnership Program (SPP).

TSA's mission is to protect the nation's transportation systems to ensure freedom of movement for people and commerce. We do this by providing the most effective security in the most efficient way to reduce the likelihood of attacks such as those that happened on the morning of September 11, 2001, from occurring in the future. Our operations provide an annual screening of nearly 660 million passengers and nearly 2 billion carry-on and checked bags. Transportation Security Officers (TSOs) prevented 180,000 prohibited items from being carried on airplanes last year alone. While our mission remains challenging, our workforce is dedicated to the task of keeping the American public secure from terrorist attacks on transportation systems.

Screening Partnership Program (SPP) Background

Congress established TSA through the Aviation and Transportation Security Act (ATSA) (P.L. 107-71), which designated passenger screening as a Federal responsibility. Included in

ATSA was language authorizing a pilot program for privatized passenger screening at five airports of different sizes and risk categories. As part of the pilot, TSA entered into contracts with qualified private companies to conduct screening services with federal oversight from TSA officials. Characteristics of the pilot included guidelines for private companies to maintain qualification standards set by TSA for Federal Transportation Security Officers (TSOs) and standards to provide personnel compensation and benefits at an equivalent level of those provided to their federal employee counterparts.

The Federal Aviation Administration (FAA) Modernization and Reform Act of 2012 (P.L. 112-95) provided guidelines for the program, including standards for an SPP application, a timeline for agency action on applications, and steps TSA must take if denying an application. Under section 830, the statute also requires TSA to ensure that approving an airport operator's application would not compromise the security or detrimentally affect the cost-efficiency or the effectiveness of the screening of passengers or property at the airport" (49 U.S.C. 44920(b)).

TSA maintains overall responsibility for transportation security whether an airport operator has private or federal employees conducting passenger screening operations. Federal Security Directors oversee the contracted security screening operations to ensure compliance with Federal security standards.

Current SPP Participation

The SPP is a voluntary program where airports apply to transfer screening operations at commercial airports from federal to qualified private security screening companies. These companies run screening operations under federal oversight and must comply with all TSA security screening procedures. Since the program began in 2004, 32 airports have applied,

including the original five pilot airports designated by ATSA. Twenty-one of those airports are currently participating in the SPP program. Of the 11 airports that have applied but are not currently participating in the program, one is in the source selection phase, and the remaining 10 have either discontinued commercial air service, were initially denied participation in the program and did not reapply after a change to the statute, or withdrew their applications prior to contract award.

Current participant SPP airports represent screening of approximately 32 million passengers per year, or 5% of TSA's annual passenger volume. Eight of the 21 are "Category IV" airports meaning that they enplane between 2,500 and 10,000 passengers per year. The contract value for these 21 airports stands at approximately \$723 million over a five-year period.

Program Accomplishments

If the application meets all legal requirements and a qualified contractor is identified during the procurement process, TSA's goal for the SPP program is to award a contract within one year of receiving a new SPP application. Compared to general federal government contracting practices, this is an aggressive goal; however, it reflects TSA's commitment to ensure that airports opting for contract screeners can expeditiously transition from federal to contract screening operations.

Since passage of the FAA Modernization and Reform Act of 2012, seven airports have applied to the SPP program. All seven airports were approved within the 120-day requirement for application approval, and currently have private screeners in place.

TSA also instituted improvements in its SPP application process to facilitate meeting its aggressive one-year goal to award a contract on a new application. Process improvements include a reduction in SPP application length from five pages to two, as well as co-locating the

program and acquisitions teams that participate in the application review process to enhance collaboration, and streamlining the application.

Additionally, TSA recently began changing its SPP contracting approach. Rather than awarding individual contracts, we are now working to award an indefinite delivery/indefinite quantity (IDIQ) contract. Awarding the IDIQ will provide a pool of highly qualified vendors that are capable of running screening operations in a cost-efficient manner not detrimental to security, per statutory requirements. Successful offerors will then be able to compete for security screening services at specific airports or groups of airports through task orders. This new contracting methodology is anticipated to reduce procurement processing time for TSA while simultaneously reducing the burden of preparation efforts on the vendor community.

Industry Engagement

TSA provides information to vendors interested in participating through numerous resources. TSA utilizes the Federal Business Opportunities website to communicate with vendors on SPP-related topics such as annual Industry Day opportunities at TSA Headquarters, and posting draft statements of work (SOW) and Request for Proposals (RFPs) that solicit vendor feedback. Additionally, TSA provides opportunities for industry days at airports, which allow vendors to tour the airport and ask airport-specific questions concerning, for example, equipment requirements and the airport layout. TSA also meets with vendors in other forums, such as summits and roundtable discussions.

Successful offerors for the IDIQ must also participate in a TSA-hosted Industry Conference in which all offerors are provided valuable information on screening requirements. In these conferences, vendors also have an opportunity to give TSA feedback on the RFP

process. TSA uses this information to better refine its process, including adding any additional information to the RFP which might be helpful to vendors.

GAO Recommendations

GAO recently completed an audit entitled “Screening Partnership Program: TSA Can Benefit From Improved Cost Estimates” (GAO-16-19), continuing its oversight from previous reports in 2009 and 2011. TSA is pleased that GAO recognized the improvements in our cost methodology, including our comprehensiveness and documentation. TSA continually refines our cost estimating methodology for airports participating in or applying to the SPP. We agree with GAO that reliable cost estimates are critical, and addressing current limitations can help better predict costs as well as allow us to make informed decisions about program participants.

Specifically, GAO recommended that TSA further revise our cost-estimating methodology to more fully conform to leading best practices; providing cost comparisons to Congress on a regular basis; and continually monitoring how contract values compare to our estimated costs and updating them as necessary. TSA concurs with all of these recommendations and has already taken steps to address them. Our Office of Finance and Administration is working to implement adjustments to our cost-estimating methodology based on GAO’s recommendations. My office will include the cost comparison information in our Semi-Annual Screening Partnership Program Report to Congress so that our oversight committees have visibility on our estimates and program figures. Finally, TSA will compare, on an annual basis, the actual expenditures for a given airport contract to TSA’s estimate for screening with Federal Transportation Security Officers.

Conclusion

My responsibility as the senior executive responsible for the SPP program is to focus on its security, effectiveness, and efficiency. I work to achieve transparency and engagement with industry so that our qualified private partners in the SPP program have access to information that helps them to achieve these same goals. I appreciate this Committee's interest in helping the program to be more successful.

Chairman Katko, thank you again for the opportunity to appear here today. I would be happy to answer any questions you may have.